

of necessity, raises serious questions about the integrity of the rest of their scholarship.

Some obvious indictments of these proponents of the Confederate view of history are now in order: The establishment historians are guilty of ignoring the record of widespread miscegenation fostered by White men and its implications. Mainstream scholars have refused to offer any meaningful expositions of the "breeding farm" industry. On the other hand post civil war terrorism and violence by the defeated rebels has been glorified. "The Birth Of A Nation" interpretation has never been answered by academicians with a true and thorough story of the terrorism, murder and mayhem which returned the blacks of the South to a state of semi-slavery.

WHERE ARE THE DRUGS COMING FROM?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. MICA) is recognized for 60 minutes.

Mr. MICA. Mr. Speaker, I come again tonight to the floor of the House of Representatives as chair of the new Subcommittee on Criminal Justice, Drug Policy and Human Resources to talk about a situation that is confronting our Nation, Congress and has touched almost every household in America, and that is the situation dealing with illegal narcotics. The situation basically is out of control and affects our young people. Some 14,200 Americans died last year because of drug-related deaths. This is a problem that has been swept under the table by Congress, by this administration and not really addressed adequately in my opinion. As chair of the Subcommittee on Criminal Justice, Drug Policy and Human Resources responsible for developing at least the House side of our national policy, I intend to continue my efforts to bring this situation to the attention of the American people and to my colleagues here.

Mr. Speaker, the situation is so bad relating to narcotics, particularly among our young people, that the statistics are absolutely staggering and should shock every American, particularly in the area of hard drug use by our young people. The statistics since 1993, when this administration came into power, of drug use among our teens and our young people, the instance of use of heroin by our teenage population has soared 875 percent.

In the area that I come from, Central Florida, a relatively prosperous area, an area that has economic stability, growth, viability, no inner city problems, our area has been absolutely wracked and ravaged by deaths, particularly again among our young people, our teenage population and young adults by heroin deaths. In fact, in the Orlando Sentinel, a headline at the end of last year said that the drug overdose deaths in Central Florida exceed homicides.

One of my first duties and responsibilities as chair of this new subcommittee to deal with drug policy was to conduct a hearing in Central Florida

on the issue, and I was told by the father of one of the young people who died of a drug overdose, a heroin overdose, "Mr. Mica, those who have died from drug overdoses are in fact homicides." And that situation is repeating itself across our land.

Not only do we see increased use of heroin among our young people and in my area and other areas, we are now seeing more and more Mexican black tar, high purity heroin, coming across the border into Texas and other border States. Additionally, the amounts of methamphetamines coming into middle America, the western States and across this land are soaring dramatically. The episodes in our emergency rooms from overdoses across the land are increasing, not decreasing, and again we are seeing more and more of the drug abuse of these hard, high-purity drugs such as cocaine, heroin, methamphetamines among our young population.

Tonight I wanted to spend most of my time talking to my colleagues that are listening and the American people that are listening about where those drugs are coming from, and it is very easy for me to identify where those drugs are coming from.

If I may, if we could pay attention to this chart, it is very easy to see that the drugs are coming from South America, primarily Colombia where heroin and now cocaine from coca production have increased since this administration has stopped equipment or stopped in the last few years equipment reaching Colombia, helicopters, ammunition, eradication equipment reaching that country. Incredible fields of poppies are being grown in Colombia, and now we are told that Colombia is also the largest source of coca production in the world, exceeding even Peru and Bolivia, which both countries have managed to curtail some of their production. But it is coming through Colombia and then transiting through Mexico.

Mr. Speaker, today 60 to 70 percent of the hard drugs entering the United States of America enter through Mexico, and this chart shows the pattern of Mexican and Colombian based organized crimes, crime in the 1990's and currently. So, again we know exactly where these drugs are being produced, and we know who is producing them, and we know who is trafficking in those drugs.

Let me use, if I may, a quote that disturbed me as chairman of the Subcommittee on Criminal Justice, Drug Policy and Human Resources, and this is a quote from our chief DEA administrator. He said, and let me repeat it, in testimony: Recently in my lifetime I have never witnessed any group of criminals that has had such a terrible impact on so many individuals and communities in our Nation. Mr. Constantine said corruption among Mexican anti-drug authorities was unparalleled with anything I have seen in 39 years of police work.

This is our chief drug enforcement officer for the Nation, and these are his comments.

Now it would be bad enough to hear that from our DEA chief enforcement officer, but all we have to do is as a Congress look at the statistics about what is happening with Mexico. We look to see how our partner, how our friend, how our ally is cooperating in the war on drugs in the effort to stop the trafficking and production of illegal narcotics.

Let me address two fronts. First of all, Mexico, which was a minor producer of heroin, has now become a major producer of heroin, so they are producing heroin and in larger quantities than they ever have and at a higher deadly purity rate than we have ever seen before. The second area that we would judge countries' cooperation with the United States in dealing with the drug problem would be the amount of drugs that are seized in that particular country, and that is how we base our certification of a country in cooperating and making them eligible for foreign assistance, international finance and international trade benefits.

What are the other measures? As I said, first of all, again production and then trafficking. In trafficking the statistics are absolutely startling. In 1998 the seizures for heroin fell in Mexico, the seizures for cocaine and coca products fell in Mexico. So the major hard drugs in Mexico actually in the area of seizures decreased in Mexico, so they were actually assisting us less in seizing hard drugs coming across the border.

Then if we look at the other dangerous deadly drug that we have talked about as methamphetamine, we find that not only the drug, but the ingredients and the precursors to produce and traffic in methamphetamine, another deadly hard drug today that is taking its toll on so many young Americans, is also up, production is up, incidents of finding this across our land are up.

Now I spoke very briefly about the process of certification of a country, and there is confusion among the Congress and lack of knowledge about the certification process. I was able in the 1980's, as chief of staff for Senator Hawkins, to work with Senator Hawkins, Members of the other body in Congress and this side, the gentleman from New York (Mr. GILMAN) and others who were here, the gentleman from New York (Mr. RANGEL), and the Congress adopted a drug certification law. That is a simple law, and what it does again is it says that any country who deals in illegal narcotics shall be certified annually by the Department of State and the President of the United States as, and the terms in the law are very specific, as fully cooperating to do again two things. One, to stop the production; and two, to stop the trafficking.

Now that is the certification. The administration and the President must certify to Congress that these countries that are dealing in illegal narcotics are in fact cooperating with us,

fully cooperating with us to stop the production and trafficking, a simple law, a simple certification. And what do those countries get in return for their cooperation and being fully certified? Mr. Speaker, they get basically several benefits.

The first of these would be United States foreign assistance. So if they are fully cooperating, they get United States foreign assistance, foreign aid. They also would get foreign assistance as far as international financial benefit and support. So in the World Bank, Inter-American Development Bank, IMF, the United States, which is the major underwriting partner for financing all of these international operations and actually the basis of financial stability for so many countries, including Mexico, the United States lends its vote to approve various loans and grants and assistance from these international finance organizations. So that is another criterion.

□ 1815

Then the third area is the trade area. We give trade benefits. I cannot think of any nation in the world that we have given a better trade advantage to.

We have different levels of trade equity but there certainly is an inequity between the United States, between our wages, between our labor standards, between our environmental standards, between all the things we judge trade equity and economic equity, there is a disparity between the United States and Mexico. Stop and think that we passed NAFTA giving that country some of the best trade benefits ever bestowed by any government to any other nation or ally. We give, in fact, those trade benefits to Mexico and we ask very little in return. In fact, we have almost a \$16 billion trade deficit, and our trade deficit in the United States and I plan to hold a hearing on this issue because it is another issue that has not received the adequate attention or concern by the Congress or its appropriate committees, but the deficit has now ballooned. It is in orbit, the highest it has ever been, trade deficit.

That is, the United States is buying more foreign goods than selling those goods. Only for so long can the United States continue to have this incredible hundred billion dollars in excess flowing out year after year from the policies of this administration, but that is one more benefit that we gave to Mexico and they are benefitting by the trade surplus that they experience in selling us their goods, again, produced at a different level. So all of these benefits are given to the country of Mexico.

In return, we ask very little and, in fact, we go through this certification process every year to say who is helping us and who is not assisting us and should they get trade foreign assistance benefits. That brings me to the topic that I wanted to raise tonight, and that is the question of certification

of Mexico and what is going on with our Mexican allies.

Are they cooperating? I just read the quote by Tom Constantine, who is the Director of our Drug Enforcement Agency, very harshly critical of what is going on in Mexico. Two years ago, this Congress stumbled and part of it was because of Wall Street weighing in. They were concerned with this big trade agreement, that there might be some repercussions and American businesses have now invested in Mexico and the interconnection of these economic relationships by decertifying Mexico there could be some implication, and they extended the real meaning of decertification and have since, with the cooperation of the administration, turned this into a political process rather than a policy process of this Congress and how it extends benefits to other countries. Again, those benefits trade financial assistance and economic benefits in regard to international organizations. So that has been distorted and the process is distorted.

Two years ago, this Congress concerned about the certification of Mexico at that point, passed a resolution and asked Mexico to do several things to help end this war, if it was to be a joint war, but to take certain very specific actions but not unreasonable requests to deal with the narcotics problem that was just as bad then as it is today. In fact, it has gotten worse today as a result of nothing being done by Mexico to address the specific concerns of this Congress.

Many people who were here several years ago remember what we asked Mexico to do in a cooperative fashion. First we asked for extradition of Mexican officials who were involved in drug activities. We asked for extradition of the drug traffickers who were charged and we asked for the arrest in Mexico, by Mexicans, of major drug traffickers. So we asked for extradition of those who were involved in illegal narcotics activities at the highest level, major drug traffickers; and we asked for, again, cooperation in trying to bring under control some of the corruption that existed in Mexico at various levels of their government.

A second thing we asked for was Mexico to sign a maritime agreement with the United States. A maritime agreement is important because if we look again at this chart we can see the drugs travel not only overland but also through some of the water areas that surround Mexico, and United States officials and United States enforcement officers who work off of this coast, in even our military, have no rights, no maritime agreement. Mexico is the only country in this region with which the United States does not have a maritime agreement except, I believe, Haiti.

The only reason we have not had one with Haiti is because the administration has done such a great job with their system of justice down there,

where we spent three or four billion dollars, and the parliament has not met and we have had basically a dictatorship that refuses to operate in a legitimate fashion. So we have a parliament or a Congress in Haiti that basically has not been able to meet and approve a maritime agreement, but that is not the case in Mexico, even though what has happened in Haiti in not signing an agreement with the disorganization of their government, with the pouring of billions of U.S. dollars into that pit, we have a different situation, a different set of circumstances with Haiti and that failure as opposed to the Mexican record of failure and failing to sign or come to terms on a maritime agreement. That is number two.

We asked for radar in the south. Now, of course, if we just look at this chart again we see that the drugs are coming in through Mexico through the southern border and transiting through their country. A simple request still not adhered to.

The fourth request was to enforce some of the laws that had been passed. Now, we did get Mexico to pass some tougher laws several years back, but it is nice to have a law. The question is enforcing the law.

What happened when we asked for cooperation? Last year, our agents uncovered an incredibly large activity relating to money laundering in Mexico. The scope of it was mind-boggling and hundreds of millions of dollars being laundered through Mexican banks. We arranged for a sting operation and Mexican banks customers were arrested. What did the Mexicans do? Did they cooperate with us, enforcing the law as we had asked 2 years ago in money laundering and corruption? No, they did not. In fact, the Mexicans had the audacity to blast the United States and then threaten to indict our Customs officials. This is an operation known as Casa Blanca.

So here again was another item, the fourth item that we had asked for cooperation from Mexico; two years ago, and the situation is worse than it was then.

An additional item that we asked for, a simple request, was our agents, our DEA agents who work around the world, particularly where there are international narcotics problems and they are welcomed by most host countries. What did Mexico do to a request that they secure protection, they allow our agents to arm themselves and that we also increase the presence of those agents in that country for the purpose of conducting investigations with Mexican officials? What they did was really take little or no action. We still have a cap on those agents and our agents still do not have the protection they need.

So these are a few of the basic requests this House of Representatives asked Mexico 2 years ago to comply with to assist us.

□ 1830

Again, nothing, at most very little, has been done.

What disturbs me the most about the situation with Mexico is that instead of getting better on any front, the situation becomes worse and worse.

Tonight, before the House of Representatives, I am going to read most of the article that appeared in today's New York Times, and I ask every Member of Congress who tomorrow will receive a copy of this article from me to take time to read this article.

We have been concerned about corruption in Mexico at the highest levels. We have been concerned that this administration made decisions about certification not based on facts, not based on intelligence information, but based on diplomacy and also in trying to protect United States officials which I believe have covered up a horrible situation. This article that I am going to read tonight that appeared in The New York Times by Tim Golden, again I refer to every Member of Congress and ask that they pay particular attention to its contents, because its contents is very damaging to what has taken place regarding Mexico.

Mr. Speaker, let me, if I may, read this. I will try to read most of the article. I think again it deserves our attention, and it was written today. This is not something that is dated.

"Early last year as undercover United States Customs agents neared the end of the biggest inquiry ever conducted into the illegal movement of drug money, bankers working with Mexico's most powerful cocaine cartel approached them with a stunning offer. The agents, posing as money-launderers from Colombia, had insinuated themselves deeply into the Mexican underworld, helping the traffickers hide more than \$60 million. Now money-men working with the cartel said they had clients who needed to launder \$1.5 billion more. The most important of those clients," they said, now listen to this, "was Mexico's Minister of Defense.

Mr. SOUDER. Mr. Speaker, will the gentleman yield?

Mr. MICA. Mr. Speaker, I would be glad to yield to the gentleman from Indiana.

Mr. SOUDER. Mr. Speaker, I think it is important to point out in looking at this article that "early last year" means this is around the time we were about to certify Mexico as cooperating, and I think that is really important. The gentleman called my attention to this article. This is not something that is historic; this is something that was happening while on the floor of this Congress. We had Members down here saying they were cooperating, and that is important, I think, in the context of what the gentleman is reading here. This was going on while we are here saying, oh, things are going fine.

Mr. Speaker, I thank the gentleman for yielding.

Mr. MICA. Mr. Speaker, I thank the gentleman from Indiana not only for

his comments, but also for his continued interest in trying to bring to the attention of the American people the situation relating to Mexico's involvement in this drug matter.

Again, the point being here, these drug dealers said that they had a client who needed to launder \$1.5 billion more. Most important, those clients, one of those clients, they said, was Mexico's Minister of Defense.

"The Customs agents didn't know whether the money really existed, or if any of it belonged to the Minister, General Enrique Cervantes, officials said. But having heard about American intelligence reports, pointing to corruption at the high levels of the Mexican military, the agents were mystified by what happened next.

"Rather than continue the undercover operation to pursue the deal, Clinton administration officials ordered that it be shut down on schedule several weeks later. No further effort was ever made to investigate the offer, and officials said that prosecutors have not even raised the matter with the suspects in the case who have pleaded guilty and who are cooperating with authorities."

Let me read this quote: "Why are we sitting on this kind of information, asked the former senior Customs agent who led the undercover inquiry," and that agent was William F. Gately. "It's either because we are lazy, we are stupid, or the political will doesn't exist to engage in the kind of investigation where our law enforcement efforts might damage our foreign policy."

So here we have the question of whether or not we should have, and our officials should have, pursued this matter of corruption at the very highest levels, and in fact, it may have been compromised for the sake of damaging our foreign policy or our diplomacy, or our relations with Mexico.

"Senior officials denied," and I will continue reading, that foreign policy had influenced their decision to end the operation, saying they had been moved primarily by concerns for its security. They also emphasized that the agents had been unable to verify the Mexican traffickers' claims.

"Other officials of the administration, which has based much of its Mexican drug strategy on collaboration with General Cervantes, said they were confident that he was above reproach. A spokesman for the Ministry of Defense, Lieutenant Francisco Aguilar Hernandez, dismissed the traffickers' proposal as self-serving lies."

But now listen to this part of this story: "But a detailed account of the case, based on confidential government documents, court records, and dozens of interviews, suggests that United States officials walked away from an extraordinary opportunity to examine allegations of the official corruption that is considered the main obstacle to anti-drug efforts in Mexico."

Basically, they walked away from the investigation.

"For nearly a decade, American officials have been haunted by the spectacle of Mexican officials being linked to illicit activities soon after they are embraced in Washington. And just weeks before the Customs investigation known as Operation Casablanca", which I referred to earlier, "which ended last year, administration officials received intelligence reports indicating that the Mexican military's ties to the drug trade were more serious than had been previously thought. But when faced with the possibility that one of Washington's critical Mexican allies might be linked to the traffickers, the official gave the matter little consideration. They said they opted for a sure thing, arresting mid-level traffickers and their associates, and at least disrupting the money-laundering system that drug gangs had set up. To reach for a general, they asserted, would have added to their risk with no certainty of success.

"Obviously, it was a significant allegation, the Commissioner of Customs, Raymond W. Kelly, said in an interview. But he added, there was skepticism about it. Was it puffing? It just was not seen as being, I wouldn't use the word credible, but it wasn't verified.

Quote: "When senior administration officials announced the stink last May, they took a triumphant inventory: The indictments of three big Mexican banks and bankers from a dozen foreign banks and the arrest of 142 suspects, the confiscation of \$35 million in drug profits, and the seizing of accounts holding \$66 million more. The officials claimed that the success was a result of a long-standing administration fight against money-laundering. But Mr. Gately, who retired from the Customs Service on December 31, said his investigation had run the gauntlet of resistance from the start.

"The Justice Department, uncomfortable with cases in which undercover agents laundered more money for drug traffickers than they ultimately seized, was imposing new limits on the time that such operations could run and the money they would launder, officials said. And though the restrictions did not apply to Customs, a branch of Treasury, Justice Department officials continued to play strong skeptical roles in supervising cases throughout the government.

"One Federal official who spoke on the condition of anonymity admitted that he had initially dismissed Mr. Gately's plan. 'You're out of your mind', the official remembered saying. Several colleagues said it was the sort of response that Mr. Gately, 49 years of age, tended to see as a challenge. A decorated former Marine who enlisted for service in Vietnam at 17, he had already been at the center of several cases that mixed internal struggle and public success. Friends and critics described him in similar terms: Driven, sometimes abrasive, and usually creative.

"After leading an investigation that revealed ties between the Italian Mafia and Colombian cocaine cartels, Mr. Gately cowrote a 1994 book about the case, *Dead Ringer*, that cast him as a lonely crusader surrounded by small-minded bureaucrats. 'It is the story of one man who refused to succumb to corruption,' the prologue reads, 'who believed in his oath and mission and the consequences he paid for believing in what he was doing.'

"As the senior Customs drug investigator in Los Angeles, Mr. Gately said he first heard from a confidential source in 1993 about an important shift in the way that Mexican and Colombian drug traffickers were converting cash into funds that could be freely spent. The source said, 'Traffickers were depositing their money with corrupt Mexican bankers who sent it back to them in almost untraceable cashier's checks drawn on American accounts that the Mexican banks used to do business with in the United States.' Mr. Gately hoped his source could infiltrate that system, collecting cash from drug wholesalers in the United States, and wiring it to corrupt bankers in Mexico.

"The bankers would issue drafts for the money and Customs would develop evidence against the suspects on both ends of the transaction. Many Customs officials, however, doubted that the ruse would work. Drug enforcement agents wanted to use the source in another case. Because the man had a criminal past, one Federal prosecutor opposed using him at all and threatened to indict him on a 10-year-old case. Even when Mr. Gately was eventually able to recruit another undercover intermediary, a Colombian known by the pseudonym, Javier Ramirez, he and others, said a senior Justice Department official", and this is very important, "Mary Warren, pressed him to limit the operation's scope."

So we have an official in the Department of Justice pressing him to limit the scope of this operation.

"What she wanted to know was when was this going to be over," he said of Ms. Warren, "who declined to comment. What was our end game?"

Mr. SOUDER. Mr. Speaker, will the gentleman yield?

Mr. MICA. Mr. Speaker, I am glad to recognize the gentleman from Indiana.

Mr. SOUDER. Mr. Speaker, one of my concerns when I read this article and in listening to the gentleman go through this is that we on the Committee on Government Reform, we have heard some of this type of thing before, that the constant trying to limit investigations, trying to cut it off, it is a very disturbing pattern that this administration seems to have when they are investigating things that are very uncomfortable regarding their policy.

It is not clear who and where this decision was being made by. We do not know whether it is coming out of the White House or whether at the top of the Justice Department; much like in

the Indian casinos investigation, whether it was in the data bank or whether it was in the missing files. But it is amazing how we constantly hear people inside the Justice Department saying that top officials were impeding their investigation rather than seeking the truth.

□ 1845

What is really disturbing here is that it is not as though as I recall it was just the year before this, that their drug czar was implicated and eventually had to come down. It was not like these were kind of off-the-wall charges that had never happened before in the Mexican government.

The gentleman from Florida has been establishing through this New York Times article that, while this person is a very driven person, he has established that he has some track record. This is a disturbing pattern we are seeing.

In fact, the gentleman read one statement a little bit ago that was also disturbing, because we often hear at the grassroots level, "why do you get the little guys and not the bigger guys?" The gentleman read a statement from this article that said that they were being limited by the Justice Department because, if the cash that they were having to do to move up the line was less than that they could actually close on at given point, which means that, by principle, we are defining we are only going to go for mid-range if we cannot keep leveraging the deal as we move up.

There are some fundamental questions here even as to how we approach this and do we really have the goal in our Justice Department to go after the top officials even when we have a strong tip. I think that, to some degree, this gets confusing as we move with it, but this is really disturbing, and I hope the gentleman from Florida will continue reading this into the RECORD and people will get copies of this because this is a fundamental at the heart of our policy right now in Mexico.

Mr. MICA. As they say in the mystery books, the plot thickens here. Let me continue if I may to read this into the RECORD. "In November of 1995, Colombian drug contacts introduced the undercover agents to Victor Alcala Navarro, a representative of Mexico's biggest drug mafia, the so-called Juarez cartel.

"The Customs agents, posing as money launderers from a dummy company called the Emerald Empire Corporation, began picking up the Mexican's profits and laundering them as planned.

"In February 1997, at meetings in Mexico, Javier Ramirez was introduced to Mr. Alcala's boss. A few months later, the Customs source found himself chatting by phone with the head of the cartel, Amado Carrillo Fuentes.

"Over scores of meetings and million-dollar deals, the traffickers grew

more open about the official protection they enjoyed in Mexico, law enforcement officials and government documents indicate.

"At one meeting in Mexico City on May 16, 1997, the traffickers took along 16 federal police agents as bodyguards." This is again police agents of Mexico acting as bodyguards for drug dealers. "At another meeting, a man who identified himself as an official of the Mexican Attorney General's office picked up \$1.7 million in cash, including \$415,000 that the undercover agents had carried to Mexico for the cartel boss himself.

"During a later meeting in New York, Mr. Alcala told the agents that like Mexico's drug enforcement chief, who had been arrested for collaborating with the Juarez cartel," again let me interject an aside here, much to the embarrassment of our United States drug czar who had embraced the Mexican drug czar, and here he is arrested "for collaborating with the Juarez cartel, the Defense Minister, General Cervantes, was in league with the competing Tijuana cartel."

But here we have allegations about the Attorney General, the former drug czar, and the Minister of Defense, and we have hundreds of thousands of dollars, \$1.7 million of cash being picked up by officials of the Mexican government.

Mr. SOUDER. Mr. Speaker, will the gentleman yield?

Mr. MICA. Yes, I will be glad to yield.

Mr. SOUDER. Mr. Speaker, I thank the gentleman for yielding, because what the gentleman just read here sounds eerily close to what happened in Colombia, only here we even have more direct involvement with the leaders in the government.

We have the drug enforcement chief, eventually who was proven guilty, who was actually renting an apartment from the head of the Juarez cartel while he was getting information from our government. The allegation is that the defense minister who was involved in helping bring down that cartel may be, we do not know this but this article is suggesting that we failed to pursue this, may be involved with the competing cartel just like the Cali cartel in Colombia helped bring down the Medellin cartel in Colombia because they wanted to put a rival out.

We have been hearing steadily on this floor and other bodies that the fact one way we can tell Mexico is co-operating is they helped bring down their drug czar. But what if, and we did not investigate this, they brought down their drug czar because another faction was a part in helping a different cartel?

I am not saying that is happening, but that is a really disturbing charge, because we would be played, for lack of a better word, as suckers in Congress if in fact we use as an argument for not doing decertification something which actually was a setup for a more powerful cartel.

Mr. MICA. Mr. Speaker, again the plot thickens here, and I want to continue reading from this investigative piece in today's New York Times.

"Customs officials said they remain skeptical of what the agents heard, including the traffickers' claim that Mr. Carrillo Fuentes's death in 1997 had actually been faked. But in December 1997, Javier Ramirez invited Mr. Alcala to Colombia for an elaborately staged meeting that seemed to raise that partnership to a new level." This meeting here with these folks. Let me continue.

"At a heavily guarded hacienda overlooking Bogota, an operative acting as Javier Ramirez's Colombian boss, Carlos, said he and his partners had \$500 million to launder," half a billion dollars to launder. "They wanted to know whether the Mexican bankers used by Mr. Alcala's boss, Juan Jose Castellanos Alvarez Tostado, could help.

"Alvarez called us right back," Mr. Gately recalled. 'He said, 'Let me send you my very best people, and we will get it done.'"

"On March 6, 1998," just about a year ago, "Mr. Alcala arrived with several businessmen at the tastefully furnished offices of Emerald Empire in a Los Angeles suburb. This time the businessmen offered a deal of their own.

"One of the men, David Loera, said he knew 'a general,' who had \$150 million in Mexico City to invest. Would Mr. Ramirez—who had told the traffickers he owned part of a Nevada casino used to launder money—care to help?

"Over the next six weeks, according to government documents," again let me read this, "over the next six weeks, according to government documents and the accounts of Mr. Gately and several officials, the deal was discussed in three more meetings and three more telephone conversations involving Mr. Ramirez, the undercover agents and the traffickers. All of the contacts were secretly tape-recorded and their words transcribed, officials said.

"In one call, two senior investment managers at Mexico's second largest bank told the Customs operatives that the money belonged not just to 'a general,' but to the Minister of Defense. Later, the two Mexicans advised Mr. Ramirez that the minister was sending 'his daughter' (a woman later said to be friend) to meet with them, along with an army colonel and a third person.

"However, the investment managers said, the amount to be laundered was much more than they had discussed: the minister had \$500 million in cash in New York and another \$500 million in the Netherlands, in addition to \$150 million in Mexico City.

"Customs officials said they queried the Central Intelligence Agency, which works closely with the Mexican military on drug control and other programs. The CIA responded that it had no such information about General Cervantes, an assessment that other officials have since reiterated.

"But although General Cervantes has not been a focus of suspicion, Mexican and American officials have said several senior generals close to him had been under the scrutiny of investigators from both the Mexican Attorney General's office and a special military intelligence unit.

"On February 6, analysts at the Drug Enforcement Administration briefed Attorney General Janet Reno on intelligence indicating that the senior Mexican generals might indeed be cooperating with Mr. Carrillo Fuentes' organization, officials said. And in a separate Customs case in Houston, undercover agents had been approached about laundering millions of dollars for an unidentified Mexican Army general, officials said."

Now listen to this, and again I quote from this article, "On April 9, Mr. Alcala visited Emerald Empire with a cousin, who had just returned from Mexico with a message. The cousin 'was very nervous about the deal,' Mr. Gately said. 'He said it could be very dangerous if it got screwed up, because the money belonged to, 'all of them, including the President.'"

The President, here it says Ernesto Zedillo. Then in parentheses, it says "(A spokesman for Mr. Zedillo, David Najera, dismissed the claim as baseless.)"

"Later that month, Mr. Gately went to Washington to brief officials including Mr. Kelly—who was then about to take over the Customs Service after having overseen it as Treasury Undersecretary for Enforcement.

"Kelly said, 'How do we know it's really him?' Mr. Gately recalled, referring to General Cervantes. 'I told him we do not know,' Mr. Gately said. 'We cannot substantiate it. But we have no reason to believe that they are telling us anything than what they know.'

"They weren't trying to impress us, they were not trying to make deals with us,' Mr. Gately added. 'So whoever had this money, I thought it was worth pursuing—whether it was the Defense Minister of Mexico or somebody we had never heard of.'

"People familiar with the discussions said they did not go much further. The general's supposed emissaries were to meet with Javier Ramirez in Las Vegas, Nevada on April 22. They did not arrive, and the traffickers reported they had become nervous.

Mr. Kelly acknowledged that he had been pressing for months to wrap up the investigation; he said he had grown increasingly concerned that information about it might be leaked out, endangering the undercover agents.

"The final sting had already been postponed twice because Federal prosecutors were still preparing indictments.

"James E. Johnson, who succeeded Mr. Kelly as Undersecretary and has closely supervised the Treasury's relations with Mexico on enforcement issues, added a cautionary note that several officials said seemed to underscore his concern for the political

stakes. Unless the agents had proof of general Cervantes's role, officials quoted him as warning, they should not bandy his name about in connection with the case.

"We need to be very careful about how we talk about this sort of thing,' a senior law enforcement official, who would not speak for attribution, quoted him as saying. 'If we don't have the goods, it makes us look like we're overreaching.'

"Mr. Johnson would not comment publicly."

"The operation had already navigated a series of sizable obstacles.

"Mr. Gately and some other agents were worried that their boss in Los Angeles, John Hensley, had leaked information about the secret operation to congressional aides and others; Mr. Hensley had also pressed hard to bring the operation to an end, officials said.

"For his part, officials said, Mr. Hensley had accused his strong-willed subordinate of transgressions ranging from traveling without authorization to stealing millions of dollars. Mr. Kelly alleged that the charges against Mr. Gately had been investigated and found baseless; Mr. Hensley declined to comment."

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"As discussions about this supposed \$1.15 billion were going on, the undercover operation also suffered serious setbacks with the capture of an important Juarez operative in Chicago. The arrest brought money deliveries to a halt while the cartel hunted a mole.

"On May 16, more than two dozen Mexican traffickers, bankers and other operatives, who had been invited to the United States by the undercover team, were rounded up in San Diego at the Casablanca Casino Resort in Mesquite, Nevada. Officials said whatever thoughts they had entertained of pursuing the allegations about General Cervantes were dropped in the diplomatic backlash that followed."

And, again, I told my colleagues what the Mexicans did is they threatened to indict United States Customs officials.

"While the Mexican authorities were asked to arrest about 20 suspects indicted in the case, they initially located only 6. One was a partner of Mr. Loera, the fugitive businessman who had first proposed the deal with 'the general'. The partner was found dead in a Mexican jail from injuries that the police described as self-inflicted. Mr. Alvarez Tostado has never been found. His deputy, Mr. Alcala, awaits trial in Los Angeles.

"Soon after the operation, American officials said they revealed to the Mexican government some of their information on ostensible corruption in the case. They said they kept silent about more explosive evidence to avoid intensifying the furor that had followed their decision not to warn Mexico about the operation."

And this is the Casablanca operation.

"Still, the officials said none of the information was ever pursued, and in a little-noticed statement in July, the office of the Mexican Attorney General, Jorge Madrazo Cuellar, dismissed allegations of money laundering by 'senior commanders of the Army and officials of the Mexican government.'

"Mr. Madrazo said in a telephone interview that the Americans had told him only about unidentified Federal agents and a money laundering scheme involving 'a general who had a daughter'. He said the name of General Cervantes, who has no daughter, was never mentioned.

"With the information that they gave me, Mr. Madrazo asked, what could I possibly have done, gone and looked for a general with a daughter?"

And that was the response that we have out of the Attorney General and other officials of Mexico. So, basically, what this article outlines, and I read it in haste, but I wanted to make sure it was included in the record, what this article and this investigative report outlines is, in fact, we may have corruption at the very highest levels of the Mexican government.

This information is now public. We have known that there was very high levels of corruption. Here there are serious questions raised again that lead to a high minister's office all the way to the office of the President of Mexico.

We also see in this article a situation in which it appears that high United States officials stopped this investigation when it was disclosed that this corruption reached both the top of Mexican cabinet officials and possibly even reached the office of the President of Mexico, President Zedillo.

We also have here evidence tonight that the Mexican military, with whom the United States is confiding with in the war on drugs, is corrupt from the bottom to the very top. We must know who those generals are that are hoarding this kind of money in such an incredible fashion.

What else do we know? Those who reveal the truth about corruption in the Mexican government are found dead, and United States officials who attempt to reveal the truth about corruption are either deterred or they are penalized or they come under close scrutiny.

What else have we learned from this investigative report? United States officials, including the Attorney General, Secretary of State, and others may be risking our national security. And if we are losing 14,200 Americans from the effects of illegal narcotics, and 60 to 70 percent of those hard drugs are coming through Mexico, we know we have a national security problem of a huge proportion.

The information revealed by this New York Times report deserves further investigation. As chairman of the Subcommittee on Criminal Justice, Drug Policy and Human Resources of the Committee on Government Reform,

I intend to investigate it. We will not be deterred in seeing how high this corruption leads to in the Mexican government. Wherever it may lead us, we will follow it, and we will find out why officials of the United States Government brought these investigations either to a close or did not pursue adequately these investigations with incredible allegations of this magnitude.

We will conduct those hearings and those meetings either in public or behind closed doors.

CONCLUSION OF DISCUSSION ON DRUGS

(Mr. SOUDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SOUDER. Mr. Speaker, I yield to the gentleman from Florida (Mr. MICA) for a conclusion.

Mr. MICA. Mr. Speaker, I thank the gentleman from Indiana for his cooperation, for coming out tonight and telling the American people about the situation we face with the corruption in Mexico, about the incredible volume of drugs that are coming across our border through Mexico, and about the apparent coverup and lack of investigation by this administration of corruption at the highest levels of Mexican government.

Mr. Speaker, I simply wished to say that we will hold hearings, we will investigate, and we will pursue this matter to the fullest extent. We will conduct hearings on this. Our subcommittee and other committees of Congress will act, and we will get the facts and information no matter where they lead us.

Mr. SOUDER. Mr. Speaker, I look forward to working with the gentleman to find the truth. We do not know where the truth lies, but when we make foreign policy decisions on Mexico and China, we do not want to hear about coverups, we want to hear we are actually pursuing every lead to make sure we are doing things in the best national interests of the United States and not just trying to up our trade dollars making decisions otherwise.

I hope all this is false. I hope the top leaders of the Mexican government are completely clean. We need to work with them to eliminate our drug problem, but we have to know what the truth is.

INTRODUCTION OF THE RATEPAYER PROTECTION ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida, Mr. STEARNS, is recognized for 5 minutes.

Mr. STEARNS. Mr. Speaker, today I rise to introduce legislation with strong bipartisan support that will not only save American consumers billions of dollars. It will also remove a significant federal barrier to a more competitive electric power industry.

More than 20 years ago, the Public Utility Regulatory Policies Act (PURPA) was enacted

as one of the original components of the Carter Energy Plan. Convinced that we were running out of natural gas and that the price of oil would soar to \$100 per barrel or even more by the year 2000, Congress passed PURPA to encourage conservation and promote the use of renewable fuels to generate electricity. It did this by establishing a special class of power generators known as qualifying facilities ("QF's") and it required utilities to buy all the electricity that these facilities wished to sell at a price determined generally by federal regulators and specifically by state regulators.

Congress sought, in drafting PURPA, to ensure that customers would pay no more for PURPA power than they would have to pay for other power. It did this by providing in PURPA that the maximum price for electricity from QF's would be the cost that the purchase utility would have incurred if it had generated the electricity itself or had purchased it from a source other than the QF. Unfortunately, this has not proven to be the case because government projections of utility avoided costs have been seriously in error. One recent study estimates that PURPA is costing electricity consumers nearly \$8 billion a year in excess power costs. Since over 60 percent of PURPA contracts will not expire until after the year 2010, consumers will continue to pay these excess costs well into the future.

PURPA also stands in the way of a more competitive electric industry. By granting special status to some electricity generators, but not others, PURPA encourages the creation of uneconomic projects just to qualify for PURPA benefits. Moreover, PURPA was premised on utilities continuing to be the exclusive suppliers of electricity to all consumers within their franchise territories. In many states today, customers have the ability to choose their own electric supplier. Requiring utilities to purchase new PURPA power when they may no longer have retail customers to whom they can resell power makes no sense.

With 20 years of experience behind us, it is clear that PURPA has outlived its usefulness. My legislation would do three things to reform PURPA: (1) It would prospectively repeal PURPA's mandatory purchase obligation on the date of enactment, so that there would no longer be any new obligations to purchase this power; (2) it would respect the sanctity of existing PURPA contracts; and (3) it would ensure that purchasing utilities would continue to be permitted to recover the costs of existing PURPA contracts as long as these contracts are in effect.

As I said upon introduction of virtually identical legislation during the last two Congresses, my only interest in introducing this bill lies in achieving the most efficient and most cost-effective means of electric generation for America's consumers. While it would prospectively repeal PURPA and would ensure that no new PURPA contracts would be required, it recognizes the legitimate current expectations of QF developers and utility purchasers. I believe that it represents a broad based consensus on this important issue and I would urge that this measure be included in whatever electric industry legislation might be considered by this Congress.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to: